

House Engrossed

**FILED**

**JANICE K. BREWER  
SECRETARY OF STATE**

State of Arizona  
House of Representatives  
Forty-sixth Legislature  
Second Regular Session  
2004

**CHAPTER 128**

# **HOUSE BILL 2684**

AN ACT

AMENDING TITLE 20, CHAPTER 4, ARIZONA REVISED STATUTES, BY ADDING ARTICLE 15;  
RELATING TO VEHICLE PROTECTION PRODUCTS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

Be it enacted by the Legislature of the State of Arizona:

Section 1. Title 20, chapter 4, Arizona Revised Statutes, is amended by adding article 15, to read:

ARTICLE 15. VEHICLE PROTECTION PRODUCTS

20-1099. Definitions

IN THIS ARTICLE, UNLESS THE CONTEXT OTHERWISE REQUIRES:

1. "ADMINISTRATOR" MEANS A THIRD PARTY OTHER THAN THE WARRANTOR WHO IS DESIGNATED BY THE WARRANTOR TO BE RESPONSIBLE FOR THE ADMINISTRATION OF VEHICLE PROTECTION PRODUCT WARRANTIES.

2. "INCIDENTAL COSTS" MEANS EXPENSES THAT ARE SPECIFIED IN THE VEHICLE PROTECTION PRODUCT WARRANTY INCURRED BY THE WARRANTY HOLDER RELATING TO THE FAILURE OF THE VEHICLE PROTECTION PRODUCT TO PERFORM AS PROVIDED IN THE WARRANTY. INCIDENTAL COSTS MAY INCLUDE INSURANCE POLICY DEDUCTIBLES, RENTAL VEHICLE CHARGES, THE DIFFERENCE BETWEEN THE ACTUAL VALUE OF THE STOLEN VEHICLE AT THE TIME OF THEFT AND THE COST OF A REPLACEMENT VEHICLE, SALES TAXES, REGISTRATION FEES, TRANSACTION FEES AND MECHANICAL INSPECTION FEES.

3. "VEHICLE PROTECTION PRODUCT" MEANS A VEHICLE PROTECTION DEVICE, SYSTEM OR SERVICE THAT:

(a) IS INSTALLED ON OR APPLIED TO A VEHICLE.

(b) IS DESIGNED TO PREVENT LOSS OR DAMAGE TO A VEHICLE FROM A SPECIFIC CAUSE.

(c) INCLUDES A WRITTEN WARRANTY BY A WARRANTOR THAT PROVIDES IF THE VEHICLE PROTECTION PRODUCT FAILS TO PREVENT LOSS OR DAMAGE TO A VEHICLE FROM A SPECIFIC CAUSE, THE WARRANTY HOLDER SHALL BE PAID SPECIFIED INCIDENTAL COSTS BY THE WARRANTOR AS A RESULT OF THE FAILURE OF THE VEHICLE PROTECTION PRODUCT TO PERFORM PURSUANT TO THE TERMS OF THE WARRANTY.

(d) COVERS THE WARRANTOR'S LIABILITY WITH A WARRANTY REIMBURSEMENT INSURANCE POLICY.

VEHICLE PROTECTION PRODUCT INCLUDES ALARM SYSTEMS, BODY PART MARKING PRODUCTS, STEERING LOCKS, WINDOW ETCH PRODUCTS, PEDAL AND IGNITION LOCKS, FUEL AND IGNITION KILL SWITCHES AND ELECTRONIC, RADIO AND SATELLITE TRACKING DEVICES.

4. "VEHICLE PROTECTION PRODUCT WARRANTOR" OR "WARRANTOR" MEANS A PERSON WHO IS CONTRACTUALLY OBLIGATED TO THE WARRANTY HOLDER UNDER THE TERMS OF THE VEHICLE PROTECTION PRODUCT WARRANTY AGREEMENT. WARRANTOR DOES NOT INCLUDE AN AUTHORIZED INSURER.

5. "WARRANTY REIMBURSEMENT INSURANCE POLICY" MEANS A POLICY OF INSURANCE ISSUED TO THE VEHICLE PROTECTION PRODUCT WARRANTOR TO PAY ON BEHALF OF THE WARRANTOR ALL COVERED CONTRACTUAL OBLIGATIONS INCURRED BY THE WARRANTOR UNDER THE TERMS AND CONDITIONS OF THE VEHICLE PROTECTION PRODUCT WARRANTY. AN INSURER AUTHORIZED TO DO BUSINESS IN THIS STATE THAT HAS FILED ITS POLICY FORM WITH THE DEPARTMENT SHALL ISSUE THE WARRANTY REIMBURSEMENT INSURANCE POLICY.

20-1099.01 Vehicle protection products; exemption from insurance code

A VEHICLE PROTECTION PRODUCT THAT IS SOLD OR OFFERED FOR SALE IN THIS STATE AND THAT MEETS THE REQUIREMENTS OF SECTION 20-1099.02 IS NOT SUBJECT TO THIS TITLE. VEHICLE PROTECTION PRODUCT WARRANTORS AND RELATED VEHICLE PROTECTION PRODUCT SELLERS AND ADMINISTRATORS THAT COMPLY WITH SECTION 20-1099.02 ARE NOT REQUIRED TO COMPLY WITH AND ARE NOT SUBJECT TO THIS TITLE. THE VEHICLE PROTECTION PRODUCTS' WRITTEN WARRANTIES ARE EXPRESS WARRANTIES AND NOT INSURANCE.

20-1099.02 Exemption from insurance code; requirements

A. TO BE EXEMPTED FROM THIS TITLE, A VEHICLE PROTECTION PRODUCT SHALL:

1. IDENTIFY THE WARRANTOR, THE SELLER, THE WARRANTY HOLDER AND THE TERMS OF THE SALE.

2. CONSPICUOUSLY STATE THAT THE OBLIGATIONS OF THE WARRANTOR TO THE WARRANTY HOLDER ARE GUARANTEED UNDER A WARRANTY REIMBURSEMENT INSURANCE POLICY.

3. CONSPICUOUSLY STATE THAT IF THE PAYMENT DUE UNDER THE TERMS OF THE WARRANTY IS NOT PROVIDED BY THE WARRANTOR WITHIN SIXTY DAYS AFTER PROOF OF LOSS HAS BEEN FILED PURSUANT TO THE TERMS OF THE WARRANTY BY THE WARRANTY HOLDER, THE WARRANTY HOLDER MAY FILE DIRECTLY WITH THE WARRANTY REIMBURSEMENT INSURANCE COMPANY FOR REIMBURSEMENT.

4. CONSPICUOUSLY STATE THE NAME AND ADDRESS OF THE WARRANTY REIMBURSEMENT INSURANCE COMPANY. THIS INFORMATION IS NOT REQUIRED TO BE PREPRINTED ON THE WARRANTY FORM BUT MAY BE STAMPED ON THE WARRANTY.

5. CONTAIN A DISCLOSURE THAT READS SUBSTANTIALLY AS FOLLOWS:

"THIS AGREEMENT IS A PRODUCT WARRANTY AND IS NOT INSURANCE."

B. A WARRANTY REIMBURSEMENT INSURANCE POLICY SHALL HAVE THE FOLLOWING PROVISIONS:

1. THE POLICY SHALL STATE THAT THE WARRANTY REIMBURSEMENT INSURANCE COMPANY WILL REIMBURSE OR PAY ON BEHALF OF THE VEHICLE PROTECTION PRODUCT WARRANTOR ALL COVERED SUMS THAT THE WARRANTOR IS LEGALLY OBLIGATED TO PAY OR WILL PROVIDE THE SERVICE THAT THE WARRANTOR IS LEGALLY OBLIGATED TO PERFORM ACCORDING TO THE WARRANTOR'S CONTRACTUAL OBLIGATIONS UNDER THE VEHICLE PROTECTION PRODUCT WARRANTY.

2. THE POLICY SHALL STATE THAT IF THE PAYMENT DUE UNDER THE TERMS OF THE WARRANTY IS NOT PROVIDED BY THE WARRANTOR WITHIN SIXTY DAYS AFTER PROOF OF LOSS HAS BEEN FILED ACCORDING TO THE TERMS OF THE WARRANTY BY THE WARRANTY HOLDER, THE WARRANTY HOLDER MAY FILE DIRECTLY WITH THE WARRANTY REIMBURSEMENT INSURANCE COMPANY FOR REIMBURSEMENT.

Sec. 2. Application

This act applies to all vehicle protection products that are sold or offered for sale on or after the effective date of this act.